

# MONTANA

Department of Commerce

## BUSINESS RESOURCES DIVISION

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Ravalli County Commissioners

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May 7, 2008

Carlotta Grandstaff, Chairperson  
Ravalli County Commission  
215 South Fourth  
Suite A  
Hamilton, MT 59840

RE: Community Development Block Grant – Economic Development Program and Big Sky Trust Fund Applications for Funding on Behalf of T-Fuel Corvallis, Inc.

Dear Chairperson Grandstaff:

The Community Development Block Grant – Economic Development Program and the Big Sky Trust Fund Program received applications from Ravalli County on behalf of T-Fuel Corvallis, Inc. on April 25, 2008. The Department has reviewed the applications and has the following comments/questions/concerns:

### SOURCES AND USES OF FUNDS:

- 1) The total of the funding sources and uses do not match and the equity amounts listed on the Total Project Cost Breakdown Form and Sources and Uses Form also do not match.
- 2) There is no information regarding the status of an application to the U.S. Department of Agriculture (USDA). Has a bank submitted an application to USDA?
- 3) There is no information on commitments from all potential matching funding sources.
- 4) There is no documentation of the proposed matching equity funds. The amount of matching equity funds varies in the application sections.

### CDBG-ED PROGRAM

- 5) The application shows Ravalli County Economic Development Authority (RCEDA) managing the revolving loan fund, with Missoula Area Economic Development Corporation (MAEDC), a Certified Regional Development Corporation, acting in an advisory position rather than revolving loan fund manager. What is the justification for this arrangement and will there be any lending activities occurring outside of Ravalli County?
- 6) The sub-recipient agreement states that RCEDA has entered into a sub-contract position with MAEDC. Has this sub-contract been executed?  
The hiring and training plan needs modifications to include all required information as per the CDBG-ED Application Guidelines.

BSTF PROGRAM

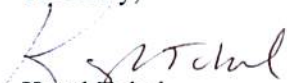
- 7) The BSTF hiring and training plan needs an update to the anticipated hire dates.
- 8) BSTF – The application requests \$100,000, or \$5,000 per job, however, Ravalli County meets the High Poverty County definition according to the latest information from the U.S. Census Bureau, making Ravalli eligible to apply for up to \$7,500 per job or up to \$150,000 for this project.

BOTH CDBG-ED AND BSTF PROGRAMS

- 9) The Department needs a confidentiality agreement and affidavit with original signatures in order to help protect proprietary information submitted by the business.
- 10) An unsigned letter dated February 21 was included in the application – who is the letter from and why is it not signed?
- 11) Of the business' officers, which have 20% or more ownership in T-Fuels? If any have 20% or more ownership, personal financial statements must be submitted to the Department, and credit check release(s).
- 12) There is no information in the application related to the proposed land acquisition. Has an appraisal been done and is there a buy/sell agreement in property? Please also provide a legal description of the location of the property.
- 13) There is no list of potential security or assets.
- 14) There is no information on secured contracts for purchase of T-Fuel bio-products.
- 15) There is no information on the County's needs assessment process, master plan, etc.
- 16) There is no information regarding the completion of a feasibility study or market study for T-Fuel.

The Department's initial review of the T-Fuel applications indicates that there is a significant financing gap that would prevent the project from proceeding. The County may want to consider applying for a CDBG-ED planning grant to assist with the necessary preliminary planning, such as a feasibility study completed by a professional consultant that would satisfy USDA requirements, in order to enhance the possibility of obtaining complete funding for this proposed project. Guidelines for a CDBG-ED planning grant can be obtained from the following website: [http://businessresources.mt.gov/BRD\\_CDBG.asp](http://businessresources.mt.gov/BRD_CDBG.asp).

Sincerely,

  
Karyl Tobel  
Section Manager  
Commerce Loan Fund

  
Angela Nelson  
Program Manager  
Big Sky Trust Fund

- c. Julie Foster, RCEDA  
Dick King, MAEDC